A Bimonthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

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SEPTEMBER, 1983

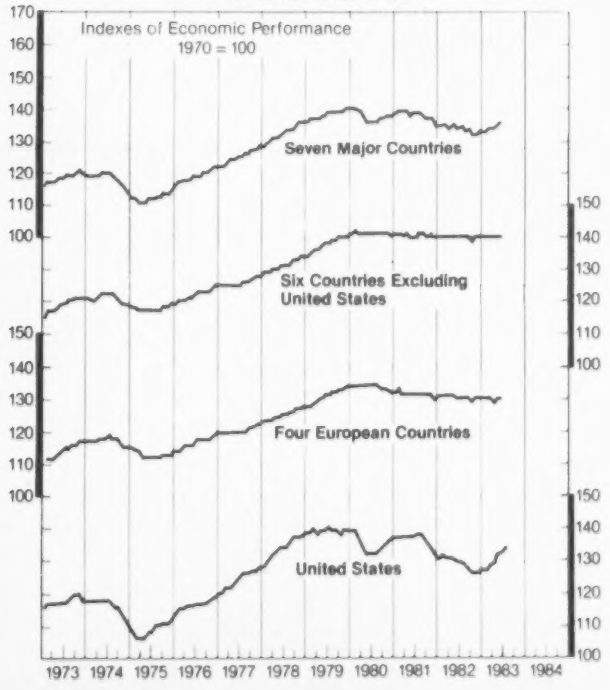
SUMMARY

The leading indexes for all seven major industrial countries are now on the recovery path, with annual growth rates ranging from 2 to 17 percent. For the seven countries as a group the leading index, based on some seventy indicators, registered a growth rate of 12 percent in June. Meanwhile, the indexes of economic performance, which include comprehensive measures of output, real income, employment and sales, seem to be rounding the bend, with the United States and Canada clearly in the vanguard. For the first time since the recovery movement began, the seven-country composite index of economic performance at mid-year was rising at a rate equal to its long-run trend growth rate, 4 percent per annum.

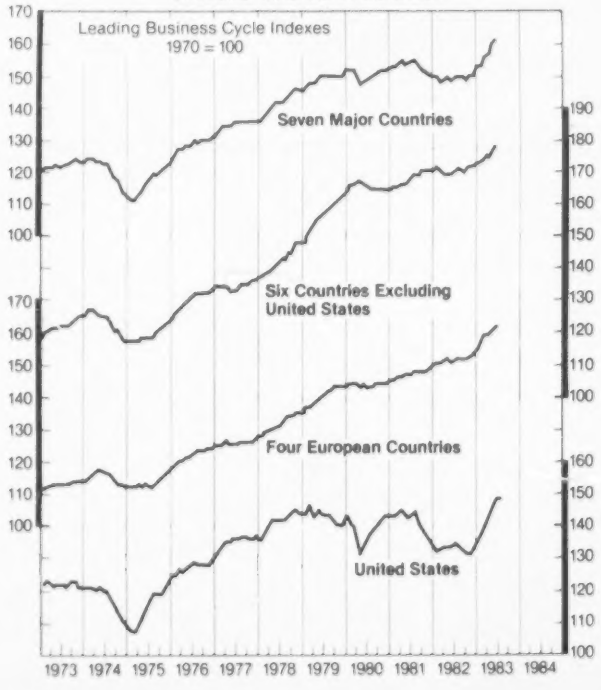
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1966-76	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	annual rates, percent								
United States	3	-2	2	8	6	13	17	Strong expansion continuing	July
Canada	5	-6	0	5	5	13	13	Strong expansion continuing	June
Japan	8	1	0	0	-2	-4	2	Signs of an upturn	June
United Kingdom	2	1	0	0	3	4	2	Recovery getting underway	June
West Germany	4	-2	0	1	1	5	7	Recovery getting underway	June/May
France	5	2	2	1	4	10	11	Leaders strong; economy sluggish	June
Italy	4	-6	-5	-4	2	4	8	Leaders reviving; economy weak	Apr./Mar.
7 countries	4	-3	0	4	2	7	12	Recovery reaches normal pace	June
6 countries excl. U.S.	5	-1	0	0	2	4	6	Contraction stopped; leaders advancing	June
4 European countries	4	-1	0	0	4	7	8	Contraction stopped; leaders advancing	June

* Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are



Where We're Headed



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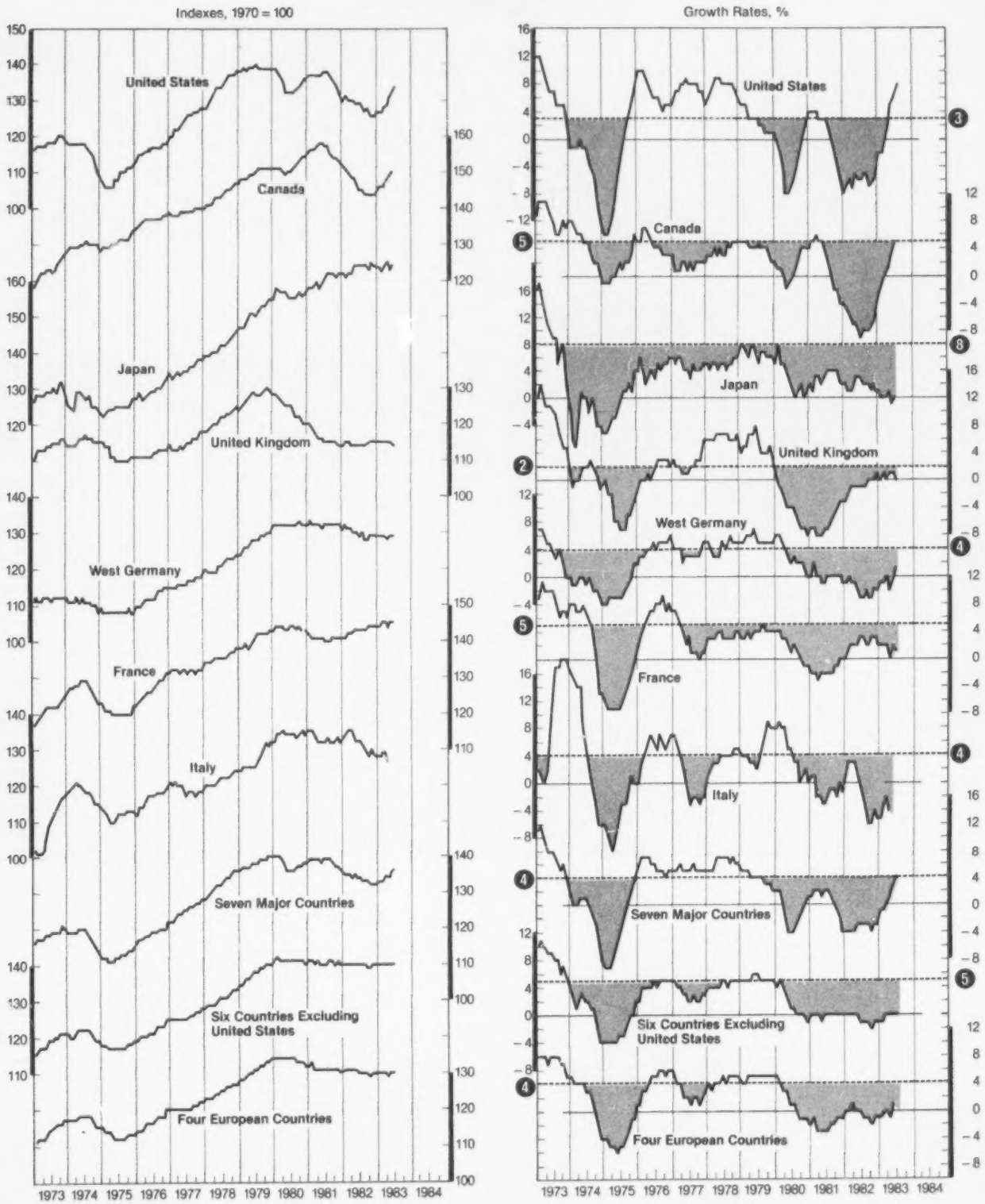
Where We Are

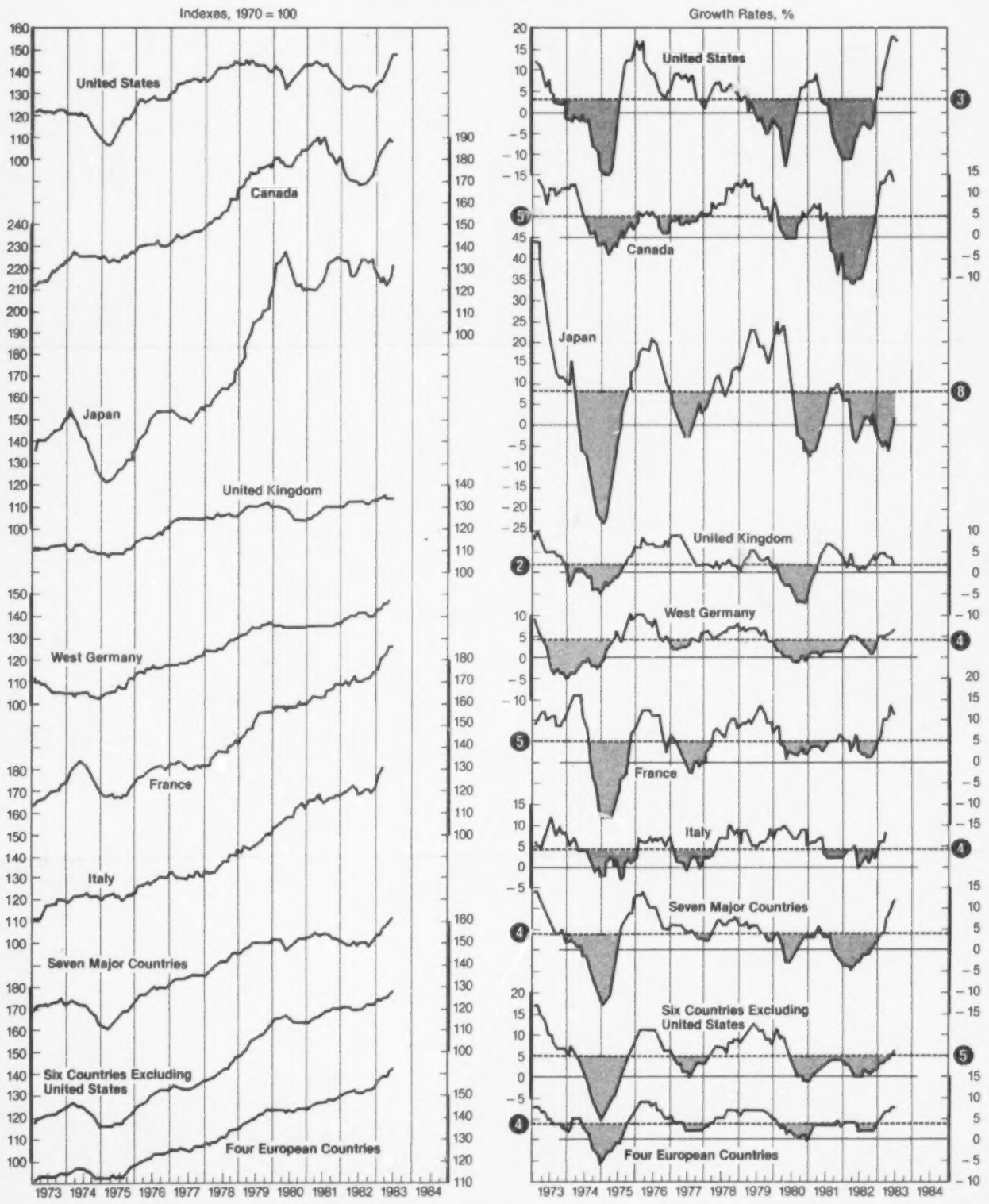
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1966–76 in the index and in real GNP
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1966-76 in the index and in real GNP
Source: The Conference Board

INDEXES, SEVEN COUNTRIES, 1982-83

		U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex U.S.		4 Countries Europe	
		Indexes, 1970 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Oct.	82	126	131	144	171	163	223	115	132	128	140	144	172	128	173	132	149	139	171	129	152
Nov.	82	126	131	144	172	165	224	115	133	129	140	144	173	130	173	132	150	140	172	130	153
Dec.	82	126	133	144	176	164	219	115	133	129	142	144	174	129	175	132	151	140	172	130	154
Jan.	82	127	136	146	181	164	216	115	134	129	144	144	176	128	177	133	153	140	173	130	156
Feb.	83	127	136	146	183	163	214	115	134	129	144	145	180	129	178	133	153	140	173	130	157
Mar.	83	128	140	147	184	164	215	115	135	129	146	145	182	129	180	134	156	140	175	130	159
Apr.	83	129	142	148	187	165	212	115	134	128	146	144	183	127		134	157	140	175	129	159
May	83	131	146	149	189	163	215	115	134	129	147	145	186			135	160	140	176	130	160
June	83	132	148	150	188	164	221	114	134	129		145	186			136	162	140	178	130	161
July	83	134	148																		
		Growth Rates, Percent																			
Oct.	82	-7	-4	-8	-1	1	1	0	2	-3	1	3	2	-6	3	-4	-1	-2	1	-2	2
Nov.	82	-6	-3	-7	1	2	3	0	4	-2	1	3	3	-4	-2	-3	0	-1	2	-1	2
Dec.	82	-5	1	-6	5	1	-2	1	3	-2	3	2	4	-5	4	-3	2	-1	2	-1	4
Jan.	83	-2	6	-3	11	1	-4	-0	4	-1	5	2	6	-5	6	-1	4	-1	3	-1	5
Feb.	83	-2	5	-1	13	0	-5	1	4	-1	5	2	10	-3	6	-1	4	0	3	0	6
Mar.	83	0	10	0	13	0	-4	0	4	0	6	2	10	-2	8	0	7	0	4	0	7
Apr.	83	2	13	1	15	1	-6	1	3	-2	6	0	11	-4		1	8	0	4	-1	7
May	83	5	16	3	16	-1	-3	1	3	0	7	2	13			3	10	0	5	1	8
June	83	6	18	5	13	0	2	0	2	1		1	11			4	12	0	6	0	8
July	83	8	17																		
		Ten-Year Annual Growth Rate, Percent																			
1966-76		3	3	5	5	8	8	2	2	4	4	5	5	4	4	4	4	5	5	4	4

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Beginning in mid-1983, each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations, in addition to the leading indexes that have always been the main statistical building blocks of the analysis. These economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across The Board,* April 1980 and *Business Cycles, Inflation and Forecasting,* Balinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however, so that constant monitoring is needed for effective use of the system. Among the uses of these data are tracking recessions and recoveries, anticipating changes in foreign trade flows, and providing early warning of new inflationary trends.

These indexes for the seven major industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. leading index used here differs slightly from the index reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates are equal to those in real GNP in the country concerned during 1966-1976. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

For More Information and Instruction

To find out more about this indicator system, the availability of detailed data for each country, and a training program in the methodology and application of the systems, please address inquiries to

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